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TAGS: [ECON](#) [EFIN](#) [ETRD](#) [IT](#)

SUBJECT: ILLEGAL MONEY TRANSFERS AT ONE OF ITALY'S
LARGEST ASSET MANAGEMENT COMPANIES

REF: C. ROME 978

[1](#)B. ROME 790

[1](#)A. ROME 184

[1](#)1. ITALIAN TAX POLICE ARE INVESTIGATING 97 EMPLOYEES AND NINE CLIENTS OF BANCA FIDEURAM FOR UNAUTHORIZED FINANCIAL ACTIVITIES, PRIMARILY ILLEGAL MONEY TRANSFERS TO SWITZERLAND. BANCA FIDEURAM IS AN ASSET MANAGEMENT COMPANY PROVIDING INVESTMENT ADVICE AND PERSONAL FINANCIAL SERVICES, 75 PERCENT-OWNED BY SANPAOLO IMI, ITALY'S THIRD LARGEST BANK. BANCA FIDEURAM, WITH 4,650 EMPLOYEES, 800,000 CLIENTS, AND TOTAL ASSETS OF ABOUT 55.8 BILLION EURO, IS ITALY'S SECOND LARGEST PRIVATE INVESTMENT BANK. POLICE ARE CONDUCTING ABOUT 200 SEARCHES THROUGHOUT ITALY, BUT MAINLY IN NORTHERN ITALY, AS PART OF AN INVESTIGATION ORDERED BY FLORENCE PROSECUTORS.

[1](#)2. BANCA FIDEURAM EMPLOYEES HAVE ALLEGEDLY TRANSFERRED FUNDS FROM ILLEGAL ACTIVITIES FROM ITALY TO SWITZERLAND AND THEN BACK TO ITALY THROUGH FIDEURAM BANK SUISSE. THE TRANSFERS NOT ONLY CONCEALED THE SOURCE OF THE FUNDS FROM POLICE AUTHORITIES, BUT ALSO HID THE INCOME GENERATED FROM THE ILLEGAL ACTIVITIES FROM TAX AUTHORITIES. THE TRANSACTIONS APPARENTLY TOOK PLACE WITHOUT KNOWLEDGE OF FIDEURAM'S MANAGEMENT. ACCORDING TO ITALIAN TAX POLICE, THE TOTAL AMOUNT OF FUNDS ILLEGALLY TRANSFERRED EQUALLED SOME 4 TO 5 MILLION EUROS. OTHER SOURCES ESTIMATE ILLEGAL TRANSFERS OF 23 MILLION EUROS.

[1](#)3. POLICE SUSPECT THAT BANCA FIDEURAM EMPLOYEES, RISKING UP TO FOUR YEARS OF JAIL, FIRST CHARGED CLIENTS USURIOUS FEES (5 TO 20 PERCENT OF THE AMOUNT OF UNDECLARED FUNDS) TO TRANSFER THE FUNDS ABROAD. THEN, TAX POLICE SUSPECT, BANCA FIDEURAM EMPLOYEES HELPED THESE SAME CLIENTS REPATRIATE THE FUNDS DURING THE TAX AMNESTY THE ITALIAN GOVERNMENT OFFERED IN THE PAST TWO YEARS.

[1](#)4. BANCA FIDEURAM HAS ISSUED A STATEMENT THAT ITS ACTIVITIES IN ITALY, AND THOSE OF ITS FOREIGN AFFILIATES, FULLY RESPECT ITALIAN LAW AND THAT THE BANK WOULD COOPERATE WITH INVESTIGATORS. ALTHOUGH THE CASE INVOLVES ONLY 97 OF SOME 4,650 EMPLOYEES, THE INVESTIGATION OF BANCA FIDEURAM EMPLOYEES HAS REVERBERATED ON THE BANK ITSELF, WITH A SEVEN PERCENT DROP IN SHARE VALUE IN TWO DAYS.

[1](#)5. BANCA FIDEURAM HAS NO U.S. OFFICE; BUT SANPAOLO IMI, THE PARENT COMPANY, HAS BRANCHES BOTH IN NEW YORK AND LOS ANGELES.

COMMENT

[1](#)6. THE BANCA FIDEURAM CASE FOLLOWS THE RECENT CASES OF ALLEGED FRAUD, E.G., THE FOOD GROUPS CIRIO AND PARMALAT (REFTEL C); BUT THERE THE SIMILARITIES END. THESE FRAUDS LED TO BANKRUPTCY AND CAUSED LOSSES TO ALMOST 170,000 SAVERS, WHICH, IN TURN, SERIOUSLY AFFECTED PUBLIC CONFIDENCE, WITH REPORTS OF ITALIAN SAVERS' CONFIDENCE IN THE FINANCIAL SYSTEM AT A HISTORIC LOW (REFTEL B). IN THE CIRIO AND PARMALAT CASES, THE VICTIMS IN ITALY WERE MOSTLY SMALL INVESTORS, WHILE IN THE FIDEURAM AFFAIR - IF PROSECUTORS ARE CORRECT - THE VICTIM IS THE BANK ITSELF, SINCE INVESTORS ASKED BANK EMPLOYEES TO COMMIT ILLEGAL TRANSACTIONS WITHOUT KNOWLEDGE OF FIDEURAM'S MANAGEMENT.
END COMMENT.

SEMBLER

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